

Message Text

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PAGE 01 GENEVA 01480 050943Z

14-10

ACTION EB-07

INFO OCT-01 EA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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P 050859Z MAR 75

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 1141

INFO AMEMBASSY CANBERRA PRIORITY

C O N F I D E N T I A L GENEVA 1480

E.O. 11652: GDS

TAGS: GATT AS

SUBJ: AUSTRALIAN TEXTILE TARIFF QUOTAS: TSB DISPUTE

REF: STATE 47114

1. TSB CHAIRMAN WURTH, US REP AND MOST OTHER MEMBERS OF TSB, OVER PAST TWO WEEKS, HAVE BEEN IN DIRECT CONTACT WITH AUSTRALIAN MISSION REPS ON HANDLING GOA TARIFF QUOTA PROBLEM. DIALOGUE HAS COOLED CONSIDERABLY OVER THIS PERIOD AND IT NOW APPEARS THAT WAY MAY BE FOUND AVOID CONFRONTATION BETWEEN GOA AND TSB AND, THEREFORE, ANY LIKELIHOOD OF GOA WALKOUT ON MFA.

2. US REP HAS BEEN PROCEEDING ON ASSUMPTION THAT THERE IS NO RPT NO LIKELIHOOD THAT TSB ACTION OF WHATEVER NATURE WOULD RESULT IN SUSPENSION GOA TARIFF QUOTA ACTIONS TAKEN TO DATE AND, FURTHER, THAT WALKOUT ANY MFA PARTICIPANT, PARTICULARLY IN PRESENT STATE OF WORLD TEXTILE TRADE AND INDUSTRY, COULD SET VERY BAD PRECEDENT INDEED. PROBLEM IN US REP'S VIEW, THEREFORE, IS FINDING WAY DETERRING GOA AND OTHER POTENTIAL FOLLOWERS, FROM REPETITION SUCH ACTIONS IN TEXTILE (OR OTHER) FIELD WHILE, AT SAME TIME, CONFIDENTIAL

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PAGE 02 GENEVA 01480 050943Z

PRESERVING INTEGRITY OF TSB AND VALIDITY OF PARTICIPANTS OBLIGATIONS

UNDER MFA.

3. US REP HAS INFORMALLY PROPOSED TO OTHER TSB REPS FOLLOWING POSSIBLE SOLUTION: A) HAVE TSB DETERMINE THAT CENTRAL ISSUE IN TSB JURISDICTION QUESTION IS DETERMINATION WHETHER OR NOT GOA SECOND TIER TARIFFS ARE PROHIBITIVE AND THEREFORE CONSTITUTE "QUANTITATIVE RESTRAINT" (GOA REPS HAVE STATED IN GATT THAT THEY ARE NOT AND DO NOT; B) HAVE TSB DISCUSS "INFORMALLY" THIS ISSUE WITH GOA REPS-WITH CERTAINTY THAT NO CONCLUSION WILL BE REACHED IN SUCH DISCUSSION; C) TSB DECLARES ITSELF EITHER UNABLE TO INCOMPETENT TO REACH A CONCLUSION ON THIS NARROW QUESTION; AND D) TSB THEN

UGGESTS,EITHER FORMALLY OR INFORMALLY, THAT SINCE TSB UNABLE REACH CONCLUSION ON SECOND TIER TARIFF ANY MFA PARTICIPANT WITH SUBSTANTIAL INTEREST INJURED BY GOA ACTION SHOULD TAKE ISSUE TO GATT UNDER GATT PROCEDURES. THIS WOULD INITIATE PROCEDURES UNDER GATT ART 22.

4.FOREGOING SENARIO, WHICH HAS BEEN DISCUSSED INFORMALLY WITH GOA REPS HERE AND WITH OTHER TSB MEMBERS APPEARS BE ACCEPTABLE TO BOTH TSB AND GOA. TSB, NOW IN SESSION, WILL DISCUSS THIS PROPOSAL MAR 5.

5. SINCE GOA HAS INDICATED WILLINGNESS DISCUSS ACTION IN GATT, PROPOSAL HAS VIRTUE OF A) SAVING TSB'S FACE; B) REMOVING ANY NECESSITY AUSTRALIA WALKOUT ON MFA; C) DETERRING GOA FROM EXTENDING SUCH ACTIONS WHILE ORIGINAL ACTION UNDER DISCUSSION IN GATT AND D) BUYING SOME MONTHS TIME IN WHICH AUSTRALIA UNDER CONTINUING EXTERNAL PRESSURE MAY SEE FIT TO UTILIZE ITS RIGHTS AND HONOR ITS OBLIGATIONS UNDER THE MFA WITH REGARD TO TEXTILE TRADE PROBLEMS.

6. IT SHOULD BE RECOGNIZED THAT FINDING COUNTRY OR COUNTRIES WILLING MAKE FORMAL COMPLAINT IN GATT IS SINE QUA NON TO SOLUTION SUGGESTED ABOVE. IF TSB GOES ALONG AS EXPECTED WITH PROPOSED SOLUTION, BELIEVE AT LEAST TWO COUNTRIES CAN BE EXPECTED MAKE SUCH FORMAL COMPLAINT.

7. WILL REPORT DEVELOPMENTS PROMPTLY AS THEY OCCUR. DALE

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